

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Financial Report

Years Ended June 30, 2005 and 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-21-05

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	Page 1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 12
INTERNAL CONTROL, COMPLIANCE AND OTHER INFORMATION	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14 - 15
OTHER SUPPLEMENTARY INFORMATION	
Summary Schedule of Prior Year Findings	16
Schedule of Findings and Questioned Costs	17
Management's Corrective Action Plan for Current Year Findings	18
Independent Accountant's Report on Applying Agreed-Upon Procedures	19-22
Schedules of Agreed-Upon Procedures	23-34



Darnall, Sikes, Gardes & Frederick^{LLC}

(A Corporation of Certified Public Accountants)

To the Board of Directors of
Glencoe Education Foundation, Inc
Franklin, Louisiana

We have audited the accompanying statements of financial position of Glencoe Education Foundation, Inc. (a nonprofit organization) as of June 30, 2005 and 2004 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, promulgated by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glencoe Education Foundation, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2005, on our consideration of Glencoe Education Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 9, 2005

Eugene H. Darnall, CPA, Retired 1990

Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. HigginBotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFPTM
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA

Erich G. Loewer, Jr. CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX CPA
Tamera T. Landry, CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Heather N. Clement, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Statements of Financial Position
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash and cash equivalents	\$ 501,686	\$ 480,053
Due from other governmental units	269,983	267,936
Prepaid items	20,460	29,600
Inventory, at cost	<u>28</u>	<u>63</u>
	792,157	777,652
 Fixed assets:		
Property and equipment, net	<u>878,623</u>	<u>537,027</u>
 Total assets	<u>\$ 1,670,780</u>	<u>\$ 1,314,679</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 81,275	\$ 14,260
Retainage payable	24,487	-
Accrued salaries payable	180,784	172,166
Other accrued liabilities	10,600	276
Accrued compensated absences payable	13,469	13,542
Note payable	<u>29,203</u>	<u>-</u>
 Total liabilities	<u>339,818</u>	<u>200,244</u>
NET ASSETS		
 Unrestricted	<u>1,330,962</u>	<u>1,114,435</u>
 Total liabilities and net assets	<u>\$ 1,670,780</u>	<u>\$ 1,314,679</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Statements of Activities
For the Years Ended June 30, 2005 and 2004

	Unrestricted	
	2005	2004
REVENUES, GAINS AND OTHER SUPPORT		
Federal restricted grants-in-aid		
State Public School Lunch Fund	\$ 125,503	\$ 106,526
Rural Education Achievement Program	12,690	35,045
IDEA - Part B	57,851	102,917
Title I	105,967	123,475
Title II	26,202	22,626
Other	7,770	5,666
State restricted grants-in-aid		
K-3 reading and math	67,500	8,219
LEAP 21	8,674	2,920
Education Support Fund	4,421	7,177
Other	22,371	3,155
State unrestricted grants-in-aid		
State Public School Fund	2,156,568	2,071,912
Food services	29,187	30,613
Contributions	2,878	-
Investment income	724	154
Miscellaneous	<u>26,390</u>	<u>24,384</u>
Total revenues, gains and other support	<u>2,654,696</u>	<u>2,544,789</u>
EXPENSES AND LOSSES		
Instruction:		
Regular programs	\$ 1,266,448	\$ 1,220,552
Special education	127,289	149,265
Special programs	-	447
Support services:		
Pupil support	40,331	1,753
Instructional staff	30,648	29,262
General administration	27,098	11,812
School administration	245,177	193,149
Business services	93,203	87,643
Plant services	176,985	153,083
Student transportation services	119,176	110,528
Food services	224,432	203,438
Depreciation	<u>87,382</u>	<u>76,650</u>
Total expenses	<u>2,438,169</u>	<u>2,237,582</u>
Change in net assets	216,527	307,207
Net assets at beginning of year	<u>1,114,435</u>	<u>807,228</u>
Net assets at end of year	<u>\$ 1,330,962</u>	<u>\$ 1,114,435</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Statements of Cash Flows
Years Ended June 30, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 216,527	\$ 307,207
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	87,382	76,650
(Increase) decrease in -		
Due from other agencies	(2,047)	(207,633)
Inventory	35	237
Prepaid expenses	9,140	(24,282)
Increase (decrease) in -		
Accounts payable	67,015	(721)
Accrued salaries payable	8,618	21,629
Other accrued liabilities	10,324	(21,445)
Retainage payable	24,487	-
Accrued compensated absences payable	(73)	1,629
Net cash provided by operating activities	<u>421,408</u>	<u>153,271</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(428,978)</u>	<u>(112,912)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term debt	45,925	-
Principal payments on short term debt	<u>(16,722)</u>	<u>-</u>
Net cash provided by financing activities	<u>29,203</u>	<u>-</u>
Net increase in cash	21,633	40,359
Cash at beginning of year	<u>480,053</u>	<u>439,694</u>
Cash at end of year	<u>\$ 501,686</u>	<u>\$ 480,053</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 313</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

Glencoe Education Foundation, Inc. (Foundation) was founded in 1999 as a nonprofit organization incorporated under the laws of the State of Louisiana. The Foundation is dedicated to providing for and maintaining an optimum learning environment in which all enrolled children are afforded the opportunity to achieve, attain goals and excel as students and as individual citizens of the world. The focus of instruction is child-centered with curricula designed to meet the educational, social, physical and emotional needs of each learner as a whole person. The Foundation operates Glencoe Charter School which is an approved type 2 charter school under Louisiana Revised Statutes 17:3991. The school's operations are located in Franklin, Louisiana. During its first year of operations (fiscal year ended June 30, 2000), the school had grades kindergarten through fifth. During the second year of operations, sixth grade was added. During the third year of operations, seventh grade was added and during the fourth year of operations, eighth grade was added. Open student enrollment began in August 1999. The Foundation is allocated funds from the State of Louisiana based on an October 1 enrollment date. The Foundation is governed by a board of directors and managed by a director. During the fiscal years ended June 30, 2005 and 2004, 97.78% and 97.83% of total revenues, respectively, were derived from federal and state sources.

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

The Foundation is an exempt organization for Federal income tax purposes under Section 501(c) (3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Foundation does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Support and expenses

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statements of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allowance for doubtful accounts

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

All capital assets are capitalized that have a cost or estimated cost of \$1,000 or more. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	Years
Building and improvements	10 - 25
Computers and peripherals	3
Computer software	2
Furniture and equipment	7 - 10
Transportation equipment	3

Expenses for additions, major renewals and betterments are capitalized and expenses for maintenance and repairs are charged to expense as incurred.

Compensated absences

All twelve-month employees earn 10 days of noncumulative vacation leave each year. Upon resignation or retirement, all unused vacation leave is forfeited.

All twelve-month employees earn 12 days of sick leave each year. Teachers and other nine-month employees earn 10 days of sick leave each year. Sick leave may be accumulated. No sick leave is paid upon resignation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's estate at the employee's current rate of pay.

Under the Teachers' Retirement System of Louisiana and the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences;" no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Donated services

The Foundation receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture. The commodities are recorded as revenues when received; however, all inventories are recorded as expenses when consumed. Values are assigned based on information provided by the United States Department of Agriculture.

Advertising costs

Advertising costs are expensed as incurred. Total advertising expense was \$1,300 and \$1,668 for the fiscal years ended June 30, 2005 and 2004, respectively.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Building and improvements	\$ 605,137	\$ 576,577
Computers and peripherals	94,084	86,952
Computer software	9,426	9,426
Furniture and equipment	160,501	134,946
Transportation equipment	114,971	98,631
Construction in progress	321,715	-
	<u>\$ 1,305,834</u>	<u>\$ 906,532</u>
Less accumulated depreciation	<u>(427,211)</u>	<u>(369,505)</u>
	<u>\$ 878,623</u>	<u>\$ 537,027</u>

Total depreciation expense for the fiscal years ended June 30, 2005 and 2004 was \$87,382 and \$76,650, respectively.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

NOTE 3 DUE FROM OTHER AGENCIES

Due from other agencies consisted of the following at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Louisiana State Department of Education	\$ 76,174	\$ 13,252
U.S. Department of Education: Passed through Louisiana State Department of Education	<u>193,809</u>	<u>254,684</u>
	<u>\$ 269,983</u>	<u>\$ 267,936</u>

NOTE 4 NOTE PAYABLE

The Foundation had one short term note payable to a bank dated December 4, 2004. This note is a demand note bearing interest at 6.5% and maturing December 6, 2005. The balance of this note was \$29,203 as of June 30, 2005.

The remainder of this page is intentionally left blank.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

NOTE 4 NATURAL CLASSIFICATION OF EXPENSES

Expenses incurred were for the following for the fiscal years ended June 30, 2005 and 2004:

	Instruction			Support Services	
	Regular Programs	Special Education	Special Programs	Pupil Support	Instructional Staff
2005					
Salary	\$ 964,566	\$ 92,820	\$ -	\$ 32,921	\$ 18,984
Employee benefits	222,744	20,202	-	6,764	2,538
Purchased professional services	7,661	10,954	-	-	-
Insurance	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Energy	-	-	-	-	-
Telephone / postage	-	-	-	-	-
Disposal services	-	-	-	-	-
Rental of land / equipment	-	-	-	-	-
Travel	4,958	481	-	-	385
Materials and supplies	48,886	2,832	-	646	8,741
Food	-	-	-	-	-
Miscellaneous	17,633	-	-	-	-
Interest	-	-	-	-	-
	<u>\$ 1,266,448</u>	<u>\$ 127,289</u>	<u>\$ -</u>	<u>\$ 40,331</u>	<u>\$ 30,648</u>
2004					
Salary	\$ 921,307	\$ 82,951	\$ -	\$ -	\$ 16,500
Employee benefits	166,163	20,498	-	-	2,501
Purchased professional services	5,911	44,803	-	-	-
Insurance	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Energy	-	-	-	-	-
Telephone / postage	-	-	-	-	-
Disposal services	-	-	-	-	-
Rental of land / equipment	-	-	-	-	-
Travel	3,558	132	65	-	77
Materials and supplies	105,336	881	382	1,643	8,989
Food	-	-	-	-	-
Miscellaneous	18,277	-	-	110	1,195
	<u>\$ 1,220,552</u>	<u>\$ 149,265</u>	<u>\$ 447</u>	<u>\$ 1,753</u>	<u>\$ 29,262</u>

Support Services					
General Administration	School Administration	Business Services	Plant Services	Student Transportation Services	Food Services
\$ -	\$ 157,642	\$ 45,750	\$ 44,094	\$ 55,251	\$ 84,170
-	36,110	25,927	7,932	4,509	18,887
23,226	4,377	14,311	-	-	-
3,863	5,319	-	18,345	19,993	-
-	-	-	20,081	13,736	2,533
-	-	-	42,244	17,770	-
-	11,365	1,197	-	-	-
-	-	-	11,588	-	-
-	7,160	-	24,000	-	-
9	1,688	1,293	-	-	1,402
-	14,434	2,642	8,701	2,034	17,286
-	-	-	-	-	99,718
-	7,082	1,770	-	5,883	436
-	-	313	-	-	-
<u>\$ 27,098</u>	<u>\$ 245,177</u>	<u>\$ 93,203</u>	<u>\$ 176,985</u>	<u>\$ 119,176</u>	<u>\$ 224,432</u>
\$ -	\$ 100,272	\$ 42,689	\$ 42,329	\$ 62,757	\$ 79,011
-	24,198	23,680	2,819	3,440	12,606
-	15,957	15,908	-	-	-
11,777	-	-	9,466	13,417	-
-	4,296	-	16,123	18,762	-
-	-	-	38,907	11,560	-
-	10,684	1,044	-	-	-
-	-	-	10,465	-	-
-	8,158	-	24,000	-	-
-	271	73	-	-	664
-	10,222	2,279	8,237	-	16,791
-	-	-	-	-	92,232
35	19,091	1,970	737	592	2,134
<u>\$ 11,812</u>	<u>\$ 193,149</u>	<u>\$ 87,643</u>	<u>\$ 153,083</u>	<u>\$ 110,528</u>	<u>\$ 203,438</u>

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

NOTE 5 PENSION PLANS

Eligible employees of the Foundation participate in one of two multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

Louisiana Teachers' Retirement System of Louisiana – Regular

For the year ended June 30, 2005, plan members were required to contribute 8.0 percent of their annual covered salary to the system while the Foundation was required to contribute the statutory rates of 15.5 percent of total annual covered payroll. The Foundation was also required to contribute the statutory rates of 13.8 and 13.2 percent of total annual covered payroll for the years ended June 30, 2004 and 2003. The Foundation's contributions to the system for the years ended June 30, 2005, 2004, and 2003 were \$213,919, \$166,505 and \$136,902, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Louisiana School Employee's Retirement System

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the Foundation is required to contribute the statutory rate of 14.8 percent of total annual covered salary for the year ended June 30, 2005. The Foundation was also required to contribute the statutory rate of 8.5 and 0 percent of total annual covered payroll for the years ended June 30, 2004 and 2003, respectively. The Foundation's contributions to the system for the years ended June 30, 2005, 2004 and 2003, respectively were \$6,297, \$3,309, and \$0, equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana School Employee Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516, or by calling (225) 925-6484.

NOTE 6 LEASE COMMITMENT

The Foundation entered into a noncancelable operating lease for immovable property with Glencoe-Vacherie Plantation, Ltd., which is a related party as a result of one of the Foundation's Board members being a general partner in the entity. The lease calls for nine monthly payments of \$2,667 per year beginning in September of each year. The original lease expired on September 30, 2004. The lease also contains an option to renew for four additional five year periods, with the first five year period to begin on October 1, 2004. The first option to renew was executed. The lease expense for the fiscal years ended June 30, 2005 and 2004 totaled \$24,000 and \$24,000, respectively.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to Financial Statements

NOTE 6 LEASE COMMITMENT (CONTINUED)

In July 2005, the lessor installed a new roof on the middle school building. The lease was amended to offset the cost of the new roof. The amendment called for nine monthly payments of \$5,333 per year beginning September 1, 2005 and ending August 31, 2010.

The following is a schedule of future minimum rental payments (assuming that the renewal options are exercised) required under the above noncancelable operating lease:

Year Ended June 30,	
2006	48,000
2007	48,000
2008	48,000
2009	48,000
2010	48,000
Thereafter	<u>336,000</u>
Total future minimum lease payments	<u>\$ 576,000</u>

The Foundation also leases immovable and movable property under cancelable operating leases.

NOTE 7 CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances in excess of \$100,000 in banks, which are secured by the Federal Deposit Insurance Corporation and the pledge of securities owned by the fiscal agent bank. Bank balances at June 30, 2005 are secured as follows:

Bank balances	<u>\$ 786,834</u>
Federal deposit insurance	\$ 200,000
Pledged securities (category 1)	<u>500,000</u>
Total	<u>700,000</u>
Deficiency of federal insurance and pledged securities over bank balances	<u>\$ (86,834)</u>

Pledged securities Category 1 includes insured or registered investments for which the securities are held by Glencoe Education Foundation, Inc. or by its trust department or agent, in the Foundation's name.

INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION



(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. HigginBotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA

Erich G. Loewer, Jr. CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX CPA
Tamera T. Landry, CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Heather N. Clement, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA

Independent Auditor's Report on Compliance and on Internal
Control over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, Louisiana

We have audited the financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization) as of June 30, 2005 and for the year then ended and have issued our report thereon dated November 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-1.

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we consider item 2005-1 to be a material weakness.

This report is intended for the information and use of management, federal awarding agencies, and pass through entities. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, therefore its distribution is not limited.

Dannall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 9, 2005

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2005

2004-1	Finding:	<u>State Bid Law</u>
	Status:	There were no bid law violations noted during the current year audit.
2004-2	Finding:	<u>Segregation of Duties</u>
	Status:	This finding is unresolved. See current year finding 2005-1.
2004-3	Finding:	<u>Disbursements</u>
	Status:	There were no exceptions noted during the current year audit.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on Glencoe Education Foundation, Inc.'s financial statements as of and for the years ended June 30, 2005 and 2004.

Reportable Conditions – Financial Statements

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as items 2005-1 in Part 2. Item 2005-1 is considered a material weakness.

Material Noncompliance – Financial Reporting

The results of our tests disclosed no instances of noncompliance which are required to be reported under *Government Auditing Standards*.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2005.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2005-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, Glencoe Education Foundation, Inc. did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2005, the Glencoe Education Foundation, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore this section is not applicable.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2005

Response to Finding 2005-1:

No response is considered necessary.

Response to Management Letter Finding 2005-A:

The issue has been resolved by the resignation of the Board Member.

Response to Agreed-Upon Procedures Finding for Schedule 4:

Management will take steps to correct the years of experience for each teacher that was incorrectly shown on the Profile of Educational Personnel report.

Response to Agreed-Upon Procedures Finding for Schedule 6:

Management has taken steps to correct future information such as implementing review procedures to insure the accuracy of all schedules.



Darnall, Sikes, Gardes Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. HigginBotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA

Erich G. Loewer, Jr. CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX CPA
Tamera T. Landry, CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Heather N. Clement, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Glencoe Education Foundation, Inc.
Franklin, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Glencoe Education Foundation, Inc. and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, Inc. and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

The Foundation does not receive local taxation revenue, local earnings on investment in real property, state revenue in lieu of taxes, nonpublic textbook revenue or nonpublic transportation revenue. With regard to the sample of transactions, no classification errors were noted.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to charter school supporting payroll records as of October 1st.

No differences were noted for this procedure.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

No differences were noted for this procedure.

4. We obtained a list of full-time teachers, principals and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No differences were noted for this procedure.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences were noted for this procedure.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals and assistant principals by classification as of October 1st and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Finding:

We noted that the years experience for each teacher was overstated by one year. The schedule presented has been updated to reflect the current years of experience.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Procedures indicated testing a random sample of 25 teachers. However, the Foundation did not employ 25 teachers as of year end. Therefore, we tested the entire population of 24 rather than the required sample of 25.

No differences were noted for this procedure.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No differences were noted for this procedure.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on this schedule.

Finding:

Noted one instance where the student count as evidenced by the roll book was one student greater than the count reported in the ASR. However, that error did not change the computation on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Glencoe Education Foundation, Inc.

No differences were noted for this procedure.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Glencoe Education Foundation, Inc.

We were unable to perform this procedure because Glencoe Education Foundation, Inc. did not have grades 10 or 11 during the fiscal years ended June 30, 2005, 2004, and 2003.

The IOWA Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Glencoe Education Foundation, Inc.

No differences were noted for this procedure.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Glencoe Education Foundation, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dannall, Sikes, Gaudes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
November 9, 2005

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 1 – General Fund Instructional and Equipment Expenditures
As of June 30, 2005

General Fund Instructional and Equipment Expenditures:

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 835,920	
Other Instructional Staff Salaries	29,686	
Employee Benefits	219,485	
Purchased Professional and Technical Services	2,012	
Instructional Materials and Supplies	19,870	
Instructional Equipment	<u>35,763</u>	
Total Teacher and Student Interaction Activities		\$ 1,142,736

Other Instructional Activities 15,893

Pupil Support Activities 38,293
Less: Equipment for Pupil Support Activities -
Net Pupil Support Activities 38,293

Instructional Staff Services 31,508
Less: Equipment for Instructional Staff Services (1,255)
Net Instructional Staff Services 30,253

Total General Fund Instructional Expenditures \$ 1,227,175

Total General Fund Equipment Expenditures \$ 90,400

Certain Local Revenue Sources:

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Taxes	-
Debt Service Ad Valorem Taxes	-
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes	-
Sales and Use Taxes	<u>-</u>
Total Local Taxation Revenue	<u>\$ -</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	<u>-</u>
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 2 – Education Levels of Public School Staff
As of October 1, 2004

Category	Full-Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	22	96%	1	100%	-	0%	-	0%
Master's Degree	1	4%	-	0%	1	100%	-	0%
Master's Degree + 30	-	0%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	-	0%	-	0%
Total	23	100%	1	100%	1	100%	-	0%

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 3 – Number and Type of Public Schools
For the Year Ended June 30, 2005

Type	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 4 – Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2004

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.
Principals	-	-	-	-
Assistant Principals	-	-	-	-
Classroom Teachers	-	5	6	1
Total	-	5	6	1

	15-19 yrs.	20-24 Yrs.	25+ Yrs.	Total
Principals	-	-	1	1
Assistant Principals	-	-	-	-
Classroom Teachers	6	2	4	24
Total	6	2	5	25

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 5 – Public School Staff Data
For the Year Ended June 30, 2005

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 37,314	\$ 36,399
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 36,053	\$ 35,177
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	24	21

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 6 – Class Size Characteristics
As of October 1, 2004

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	64.0%	78	36.0%	44	0.0%	-	0.0%	-
Elementary Activity Classes	62.5%	10	37.5%	6	0.0%	-	0.0%	-
Middle / Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle / Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 7 – Louisiana Educational Assessment Program

District Achievement Level Results	English Language Arts					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 4						
Advanced	2	5%	-	0%	-	0%
Mastery	8	20%	11	28%	7	17%
Basic	19	49%	17	43%	21	50%
Approaching Basic	8	21%	8	21%	11	26%
Unsatisfactory	2	5%	3	8%	3	7%
Total	39	100%	39	100%	42	100%

District Achievement Level Results	Mathematics					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 4						
Advanced	2	5%	2	5%	-	0%
Mastery	8	21%	6	15%	5	12%
Basic	18	46%	17	44%	21	50%
Approaching Basic	8	21%	11	28%	11	26%
Unsatisfactory	3	7%	3	8%	5	12%
Total	39	100%	39	100%	42	100%

District Achievement Level Results	Science					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 4						
Advanced	1	3%	-	0%	-	0%
Mastery	2	5%	5	13%	3	7%
Basic	24	62%	25	64%	19	45%
Approaching Basic	11	28%	7	18%	14	34%
Unsatisfactory	1	2%	2	5%	6	14%
Total	39	100%	39	100%	42	100%

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 7 – Louisiana Educational Assessment Program (Continued)

District Achievement Level Results	Social Studies					
	2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent
Students						
Grade 4						
Advanced	-	0%	-	0%	-	0%
Mastery	1	3%	5	13%	3	7%
Basic	20	51%	23	59%	21	50%
Approaching Basic	13	33%	9	23%	13	31%
Unsatisfactory	5	13%	2	5%	5	12%
Total	39	100%	39	100%	42	100%

District Achievement Level Results	English Language Arts					
	2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent
Students						
Grade 8						
Advanced	-	0%	-	0%	-	0%
Mastery	5	16%	3	9%	3	20%
Basic	13	42%	15	47%	6	40%
Approaching Basic	11	36%	13	41%	5	33%
Unsatisfactory	2	6%	1	3%	1	7%
Total	31	100%	32	100%	15	100%

District Achievement Level Results	Mathematics					
	2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent
Students						
Grade 8						
Advanced	1	3%	-	0%	-	0%
Mastery	-	0%	1	3%	1	7%
Basic	18	58%	19	60%	8	53%
Approaching Basic	10	33%	10	31%	4	27%
Unsatisfactory	2	6%	2	6%	2	13%
Total	31	100%	32	100%	15	100%

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 7 – Louisiana Educational Assessment Program (Continued)

District Achievement Level Results	Science					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	1	3%	-	0%	-	0%
Mastery	5	16%	7	22%	-	0%
Basic	16	52%	14	44%	6	40%
Approaching Basic	8	26%	10	31%	7	47%
Unsatisfactory	1	3%	1	3%	2	13%
Total	31	100%	32	100%	15	100%

District Achievement Level Results	Social Studies					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	-	0%	-	0%	-	0%
Mastery	3	10%	5	13%	1	7%
Basic	17	55%	23	59%	9	60%
Approaching Basic	8	26%	9	23%	1	7%
Unsatisfactory	3	9%	2	5%	4	26%
Total	31	100%	39	100%	15	100%

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 8 – The Graduate Exit Exam

District Achievement Level Results	English Language Arts					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 10						
Advanced	N/A	-	N/A	-	N/A	-
Mastery	N/A	-	N/A	-	N/A	-
Basic	N/A	-	N/A	-	N/A	-
Approaching Basic	N/A	-	N/A	-	N/A	-
Unsatisfactory	N/A	-	N/A	-	N/A	-
Total	-	-	-	-	-	-

District Achievement Level Results	Mathematics					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 10						
Advanced	N/A	-	N/A	-	N/A	-
Mastery	N/A	-	N/A	-	N/A	-
Basic	N/A	-	N/A	-	N/A	-
Approaching Basic	N/A	-	N/A	-	N/A	-
Unsatisfactory	N/A	-	N/A	-	N/A	-
Total	-	-	-	-	-	-

District Achievement Level Results	Science					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 10						
Advanced	N/A	-	N/A	-	N/A	-
Mastery	N/A	-	N/A	-	N/A	-
Basic	N/A	-	N/A	-	N/A	-
Approaching Basic	N/A	-	N/A	-	N/A	-
Unsatisfactory	N/A	-	N/A	-	N/A	-
Total	-	-	-	-	-	-

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 8 – The Graduate Exit Exam (Continued)

District Achievement Level Results	Social Studies					
	2005		2004		2003	
Students	Number	Percent	Number	Percent	Number	Percent
Grade 10						
Advanced	N/A	-	N/A	-	N/A	-
Mastery	N/A	-	N/A	-	N/A	-
Basic	N/A	-	N/A	-	N/A	-
Approaching Basic	N/A	-	N/A	-	N/A	-
Unsatisfactory	N/A	-	N/A	-	N/A	-
Total	-	-	-	-	-	-

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 9 – The Iowa Test

	Composite		
	2005	2004	2003
Test of Basic Skills (ITBS)			
Grade 3	45	46	51
Grade 5	61	55	53
Grade 6	51	46	47
Grade 7	52	52	51
Tests of Educational Development (ITED)			
Grade 9	N/A	N/A	N/A



Darnall, Sikes, Gardes Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFPTM
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA

Erich G. Loewer, Jr. CPA

MANAGEMENT LETTER

December 5, 2005

To the Board of Directors
Glencoe Education Foundation, Inc.
Franklin, Louisiana

In planning and performing our audit of the financial statements of Glencoe Education Foundation, Inc. for the year ended June 30, 2005, we considered the Foundation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. (We previously reported on the Foundation's internal control in our report dated November 9, 2005.) (A separate report dated November 9, 2005, contains our report on reportable conditions in the Foundation's internal control.) This letter does not affect our report dated November 9, 2005, on the financial statements of Glencoe Education Foundation, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with various Foundation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing our recommendation.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 5, 2005

Member of
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Management Letter Point

Related Party Issue Finding 2005-A

During the planning stages of our audit of Glencoe Education Foundation, Inc. we noted a situation that may be a violation of the Louisiana Ethics Code RS 42:1113(A).

The daughter of one of Glencoe Education Foundation, Inc.'s Board Members was also contracted as legal counsel for the Foundation. Per consultation with the Louisiana Ethics Board, it has been ascertained that this is in violation of Louisiana Ethics Code RS 42:1113(A) which states, **"No public servant, excluding any legislator and any appointed member of any board or commission and any member of a governing authority of a parish with a population of ten thousand or less, or member of such a public servant's immediate family, or legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant."**

We recommend that the Glencoe Education Foundation, Inc. obtain an official ruling on the matter by the Louisiana Ethics Board and amend the situation as required.